

**FY 2003-04  
Budget Detail  
for  
RESOURCE PROTECTION**

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**Agriculture  
Environmental Quality  
Natural Resources**



**Summary: Enacted Appropriations  
AGRICULTURE  
FY 2003-04 Senate Bill 288  
Public Act 157 of 2003**

**Analyst: Kirk Lindquist**

	FY 2002-03 YTD (as of 3/6/03)	Executive	Senate	House	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
<b>IDG/IDT</b>	\$10,960,400	\$10,857,400	\$10,758,600	\$10,758,600	\$10,858,600	(\$101,800)	(0.9)
<b>Federal</b>	6,851,700	6,801,700	6,801,700	14,051,700	14,051,700	7,200,000	105.1
<b>Local</b>	0	0	0	0	0	0	0.0
<b>Private</b>	1,127,600	1,127,600	1,127,600	1,127,600	1,127,600	0	0.0
<b>Restricted</b>	38,335,800	39,053,300	37,065,600	41,135,800	39,733,900	1,398,100	3.6
<b>GF/GP</b>	36,773,700	31,404,000	33,429,000	33,627,000	31,379,000	(5,394,700)	(14.7)
<b>Gross</b>	<b>\$94,049,200</b>	<b>\$89,244,000</b>	<b>\$89,182,500</b>	<b>\$100,700,700</b>	<b>\$97,150,800</b>	<b>\$3,101,600</b>	<b>3.3</b>
<b>FTEs</b>	641.5	569.0	569.0	569.0	569.0	(72.5)	(11.3)

*Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.*

**Overview**

The Department of Agriculture promotes Michigan agricultural products and protects the public from disease and unsanitary conditions in food production and handling. It regulates product labeling and producer practices for dairy products, animals, and plants, as well as enforcing consumer protection laws in food, standard weights/measures, animal health, plant pests, and diseases.

**Major Budget Changes from FY 2002-03 YTD Appropriations:**

**1. Agricultural Enhancement Fund - VETOED**

Appropriates Agricultural Enhancement Funds in boilerplate Section 224. This funding source, authorized by legislation permitting installation of video lottery terminals at Michigan's seven race tracks, would provide revenue during FY 2003-04. To the extent that funding is available, programs, services, and projects are funded in the following priority:

- Market Development .....\$1,000,000
- Bovine TB .....750,000
- Migrant Housing .....600,000
- Local Conservation Districts.....200,000
- Future Farmers of America .....50,000

**2. Emerald Ash Borer Program**

Includes federal funding for the second year of this program. Funds are provided for eradication efforts in affected areas of southeast Michigan.

	FY 2002-03 YTD (as of 3/6/03)	Enacted Change from YTD
<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
<b>Federal</b>	<b>\$0</b>	<b>\$7,250,000</b>

<b><u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u></b>		<b>FY 2002-03 YTD (as of 3/6/03)</b>	<b>Enacted Change from YTD</b>
<b>3. Restricted Fund Shifts</b>		<b>Gross</b>	<b>\$0</b>
Increases restricted fund in programs where similar GF/GP savings could be realized. License and inspection fees will save \$100,000 in the Food/Dairy and Pesticide/Plant Pest Management programs; Laboratory will save \$100,000 through testing and weights/measures fees. Groundwater/Freshwater Fund and Agriculture Equine Industry Development Fund increases (total \$75,000) are made in Environmental Stewardship and Animal Industry. Building Occupancy Charges would include \$200,000 federal as well, replacing reduced GF/GP.		Restricted	0
		GF/GP	\$0
			475,000
			(\$475,000)
<b>4. New Fees and Fee Increases</b>		<b>Gross</b>	<b>\$83,800,100</b>
Includes new fees and fee increases. Estimated revenue increases are:		Federal	6,639,500
		Private	1,127,600
		Restricted	38,335,800
		GF/GP	\$36,773,700
			316,700
			(\$316,700)
<ul style="list-style-type: none"> <li>Nursery Stock Inspection Fees .....\$140,000</li> <li>Private Pesticide Applicator Fees.....130,000</li> <li>Metrology Laboratory Testing Fees.....120,000</li> <li>Laboratory Analysis Fees .....50,000</li> <li>Livestock Dealer/Agent Fees .....23,800</li> <li>Pet Shop Fees - NEW .....17,900</li> <li>Animal Control/Protection Shelters NEW .....5,200</li> <li>Horse Riding Stable Licenses .....5,000</li> </ul>			
<b>5. Redistribution of Equine Industry Development Fund (EIDF)</b>		<b>Gross</b>	<b>\$83,800,100</b>
Does not redistribute funds to administrative units. Instead, a fund transfer to GF/GP will be made at year-end. Executive budget would have reduced EIDF support in equine programs and redistribute funds to Department programs.		Federal	6,639,500
		Private	1,127,600
		Restricted	38,335,800
		GF/GP	\$36,773,700
			2,025,000
			(\$2,025,000)
<b>6. Elimination of the Regulatory Seed Program</b>		<b>Gross</b>	<b>\$452,000</b>
Eliminates the Seed Inspection & Testing Program. The program was established to assure that seed for sowing meets label guarantees and is weed free.		GF/GP	\$452,000
			(\$452,000)
<b>7. Reduce Fruit and Vegetable Inspections</b>		<b>Gross</b>	<b>\$1,206,000</b>
Reduces funding for fruit and vegetable grading and quality inspections. Increased reliance is placed on buyer/seller quality control and assurance efforts.		Restricted	570,000
		GF/GP	\$636,000
			(\$300,000)
<b>8. Local Conservation District Grants</b>		<b>Gross</b>	<b>\$1,856,700</b>
Reduces grants to soil conservation districts. Reduces amount for training grants from \$130,000 to \$81,200. The remaining savings is absorbed through the Department's distribution formula.		GF/GP	\$1,856,700
			(\$195,500)
<b>9. Agricultural Development Program Reduction</b>		<b>Gross</b>	<b>\$0</b>
Combines the two line items for Marketing and Agricultural Development. Makes a \$100,000 reduction, reflecting administrative efficiencies possible through a reorganization of these two divisions.		GF/GP	\$0
			(\$100,000)

**Major Boilerplate Changes from FY 2002-03:**

**Sec. 211. Restricted Revenue Carryforward – DELETED**

Prohibits the lapse of restricted fund revenue to GF/GP.

**Major Boilerplate Changes from FY 2002-03:**

***Sec. 223. Incentive for Administrative Efficiencies – NEW***

Allows funds to be spent from GF/GP lapse from FY 2002-03 administrative efficiencies. Funds could be spent if the proposed spending plan is approved by the State Budget Director and the legislative appropriations committees.

***Sec. 224. Agricultural Enhancement Funding Priorities – VETOED***

Provides priority for revenue distribution pursuant to the appropriation. Funds would be appropriated from the Agricultural Enhancement Fund if revenue is available.

***Sec. 301. Commissions and Boards – MODIFIED***

Deletes authorization to make per diem payments to members of Department commissions and boards.

**ENVIRONMENTAL QUALITY**

**Summary: Enacted Appropriations**  
**ENVIRONMENTAL QUALITY**  
**FY 2003-04 House Bill 4393**  
**Public Act 171 of 2003**

**Analyst: Kirk Lindquist**

	FY 2002-03 YTD (as 3/6/03)	Executive	House	Senate	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
<b>IDG/IDT</b>	\$14,042,900	\$14,142,900	\$14,142,900	\$14,142,900	\$14,142,900	\$100,000	0.7
<b>Federal</b>	131,521,400	129,169,500	129,169,500	129,169,500	129,169,500	(2,351,900)	(1.8)
<b>Local</b>	0	0	0	0	0	0	0.0
<b>Private</b>	435,700	435,700	435,700	435,700	435,700	0	0.0
<b>Restricted</b>	192,059,100	147,153,500	143,442,400	146,905,800	145,460,000	(46,599,100)	(24.3)
<b>GF/GP</b>	66,653,161	53,055,800	51,459,700	56,196,500	56,716,300	(9,936,861)	(14.9)
<b>Gross</b>	<b>\$404,712,261</b>	<b>\$343,957,400</b>	<b>\$338,650,200</b>	<b>\$346,850,400</b>	<b>\$345,924,400</b>	<b>(\$58,787,861)</b>	<b>(14.5)</b>
<b>FTEs</b>	1,596.7	1,616.7	1,622.7	1,605.7	1,611.7	15.0	0.9

*Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.*

### **Overview**

The Department of Environmental Quality supports environmental protection, conservation, and cleanup and redevelopment programs. Appropriated funds support regulatory efforts established to protect, restore, and reuse Michigan's air, water, and land resources. General Fund/General Purpose revenue for environmental programs represents 16.3% of the total appropriation. Nearly half of the revenue is provided from restricted (permit and license) revenue.

<b>Major Budget Changes from FY 2002-03 YTD Appropriations:</b>		<b>FY 2002-03 YTD (as of 3/6/03)</b>	<b>Enacted Change from YTD</b>
<b>PROGRAM REDUCTIONS</b>	<b>Gross</b>	<b>\$295,800</b>	<b>(\$295,800)</b>
<b>1. Environmental Training</b>	Restricted	295,800	(295,800)
Deletes workshop revenue as source of funding for department-sponsored workshop program. This program no longer generates workshop registration fee support.			
<b>2. Great Lakes Shorelands</b>	<b>Gross</b>	<b>\$2,494,800</b>	<b>(\$120,000)</b>
Provides matching funds for the Federal Coastal Zone Management Program from existing restricted fund expenditures.	Federal	1,260,100	0
	Restricted	624,600	0
	GF/GP	\$490,100	(\$120,000)
<b>ONE TIME PROGRAMS AND FUNDING ADJUSTMENTS</b>	<b>Gross</b>	<b>\$0</b>	<b>(\$58,035,700)</b>
<b>3. Michigan Underground Storage Tank Financial Assurance Fund</b>	Restricted	0	(58,035,700)
Eliminates the 7/8 cent fee on motor fuels since bonding requirements for the Underground Storage Tank cleanup program will be met in FY 2002-03. Remaining revenue in the fund will be transferred to the Environmental Response Fund and used to clean up contamination at underground storage tank sites.			

**ENVIRONMENTAL QUALITY**

<b><u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u></b>		<b>FY 2002-03 YTD (as of 3/6/03)</b>	<b>Enacted Change from YTD</b>
<b>4. Superfund Program</b>	<b>Gross</b>	<b>\$7,000,000</b>	<b>(\$3,000,000)</b>
Reduces Federal Superfund deduct to reflect expected FY 2003-04 revenue.	Federal	7,000,000	(3,000,000)
<b>5. Lake St. Clair Water Quality Monitoring</b>	<b>Gross</b>	<b>\$2,500,000</b>	<b>(\$800,000)</b>
Includes second-year funding and authorizes funds for water quality monitoring.	Restricted	2,500,000	(800,000)
<b>6. Environmental Response Fund</b>	<b>Gross</b>	<b>\$2,439,000</b>	<b>(\$850,000)</b>
Reduces the Environmental Response Fund deduct in the Storage Tank Program to reflect expected spending requirements and anticipated FY 2003-04 revenue.	Restricted	2,439,000	(850,000)
<b>7. Scrap Tire Research</b>	<b>Gross</b>	<b>\$200,000</b>	<b>(\$200,000)</b>
Eliminates funding for this one-time budget item.	Restricted	200,000	(200,000)
<b>8. Submerged Log Program</b>	<b>Gross</b>	<b>\$134,600</b>	<b>(\$33,000)</b>
Eliminates GF/GP support for this program. This program is wholly supported from restricted funds.	Restricted	101,600	0
	GF/GP	\$33,000	(\$33,000)
<b>PROGRAM EXPANSIONS AND FUNDING INCREASES</b>	<b>Gross</b>	<b>\$700,000</b>	<b>\$2,800,000</b>
<b>9. Scrap Tire Grants</b>	Restricted	700,000	2,800,000
Increases scrap tire fees from \$.50 to \$1.50 in 2002. This revenue increase is added to the existing grant program for scrap tire recycling and site cleanup.			
<b>10. Storm Water Discharge Program</b>	<b>Gross</b>	<b>\$900,000</b>	<b>\$1,162,500</b>
Allows the Department to meet new federal standards for storm water discharge through this expanded program, funded by an increased fee on municipal storm sewer systems and commercial sites. Enabling legislation is required.	Restricted	900,000	1,162,500
<b>11. Public Water System Security</b>	<b>Gross</b>	<b>\$0</b>	<b>\$400,000</b>
Provides additional federal funds for training programs for public water system operators.	Federal	0	400,000
<b>12. Great Lakes Shorelands</b>	<b>Gross</b>	<b>\$2,494,800</b>	<b>\$125,000</b>
Increases restricted fund support to expand Department efforts supporting the permit process for application of chemicals to control aquatic vegetative nuisance species in inland lakes. A GF/GP savings is possible through this increase.	Federal	1,260,100	0
	Restricted	624,600	225,000
	GF/GP	\$490,100	(\$100,000)
<b>13. Groundwater Database Program</b>	<b>Gross</b>	<b>\$0</b>	<b>\$180,000</b>
Provides federal funds to the Drinking Water Program to support ongoing efforts to model and predict groundwater supply, demand, and flow in the subsurface.	Federal	0	180,000
<b>14. Groundwater Inventory and Map</b>	<b>Gross</b>	<b>\$0</b>	<b>\$1,000,000</b>
Adds Clean Michigan Initiative Clean Water Fund support to cover the cost of preparing a statewide groundwater map.	Restricted	0	1,000,000
<b>FEE INCREASES AND FUNDING SHIFTS</b>	<b>Gross</b>	<b>\$0</b>	<b>\$3,000,000</b>
<b>15. National Pollution Discharge Elimination Permit Fees</b>	Restricted	0	3,000,000
Authorizes a new fee to be collected from facilities that produce and discharge liquid waste into Michigan surface waters. This increase provides nearly \$6.9 million in new revenue. Enabling legislation is required.			
<b>16. Groundwater Discharge Fees</b>	<b>Gross</b>	<b>\$1,388,200</b>	<b>\$0</b>
Replaces reduced GF/GP support for the groundwater permit and solid waster compliance program with a new fee on public and private discharges into the subsurface. Enabling legislation is required.	Restricted	0	1,700,000
	GF/GP	\$1,388,200	(\$1,700,000)

**FY 2003-04 APPROPRIATIONS SUMMARY AND ANALYSIS**

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**ENVIRONMENTAL QUALITY**

<b><u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u></b>		<b>FY 2002-03 YTD (as of 3/6/03)</b>	<b>Enacted Change from YTD</b>
<b>17. Solid Waste Fees</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
Revises the fee structure for Michigan landfills to generate \$3.9 million in revenue. This change replaces reduced GF/GP support for the groundwater permit and solid waste compliance program. Enabling legislation is required.	Restricted	2,598,400	2,598,400
	GF/GP	(\$2,598,400)	(\$2,598,400)
<b>18. Laboratory User Fees</b>	<b>Gross</b>	<b>\$2,750,400</b>	<b>\$89,300</b>
Revises fee structure for laboratory services for sample follow-up testing, cleanup site sample test, and other activities; replaces GF/GP subsidy.	Restricted	2,600,400	239,300
	GF/GP	\$150,000	(\$150,000)

**Major Boilerplate Changes from FY 2002-03:*****Sec. 206. Contingency Transfer Authorization – DELETED***

Deletes current-year language.

***Sec. 503. Great Lakes Water Quality Bond Report – NEW***

Describes the effectiveness of the 1988 Quality of Life Bond program.

***Sec. 904. Groundwater Inventory and Mapping – NEW***

Explains the desired use of the CMI appropriation for the groundwater inventory and mapping program.

***Sec. 1104. County Grants: Water Quality Monitoring – PARTIAL VETO***

Provides \$700,000 to the City of St. Clair Shores for dredging and \$1.0 million for the monitoring program for the Lake St. Clair watershed. Note the \$1.0 million for monitoring was vetoed.



**Summary: Enacted Appropriations**  
**NATURAL RESOURCES**  
**FY 2003-04 House Bill 4400**  
**Public Act 147 of 2003**

**Analyst: Kirk Lindquist**

	FY 2002-03 YTD (as of 3/6/03)	Executive	Senate	House	Enacted	Difference: Enacted from FY 2002-03 YTD	
						Amount	%
<b>IDG/IDT</b>	\$3,437,900	\$3,437,900	\$3,437,900	\$3,437,900	\$3,437,900	\$0	0.0
<b>Federal</b>	30,427,300	27,806,600	33,706,600	27,806,600	33,706,600	3,279,300	10.8
<b>Local</b>	0	0	0	0	0	0	0.0
<b>Private</b>	1,793,700	1,871,400	1,871,400	1,871,400	1,871,400	77,700	4.3
<b>Restricted</b>	177,513,900	180,203,500	188,146,600	188,146,600	186,333,700	8,819,800	5.0
<b>GF/GP</b>	41,624,447	28,823,500	30,785,600	30,785,600	28,801,400	(12,823,047)	(30.8)
<b>Gross</b>	<b>\$254,797,247</b>	<b>\$242,142,900</b>	<b>\$257,948,100</b>	<b>\$231,351,800</b>	<b>\$254,151,000</b>	<b>(\$646,247)</b>	<b>(0.3)</b>
<b>FTEs</b>	2,081.5	2,082.5	2,095.5	2,082.5	2,094.5	13.0	0.6

*Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or Executive Order actions that occurred after March 6, 2003.*

## **Overview**

The Department of Natural Resources supports resource protection, conservation, and management programs. The GF/GP contribution to resource protection programs is only 11.3% of the total appropriation. Of the \$28.8 million GF/GP appropriation for FY 2003-04, nearly \$11.7 million is provided to local governments for payments in lieu of taxes. Nearly all state support comes from license and fee revenue. Federal funds support game and fish habitat maintenance, emerald ash borer eradication, and hunter safety protection programs.

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>FY 2002-03 YTD</u> <u>(as of 3/6/03)</u>	<u>Enacted Change</u> <u>from YTD</u>	
<b>PROGRAM REDUCTIONS</b>		<b>Gross</b>	<b>\$9,717,200</b>	<b>(\$1,444,400)</b>
<b>1.   <i>Payments in Lieu of Taxes</i></b>		Restricted	5,742,200	0
Reduces GF/GP support by \$1.4 million to reflect the portion of 2004 tax payments related to local and state school taxes.		GF/GP	\$3,975,000	(\$1,444,400)
<b>2.   <i>Baseline Program Reductions EO 2002-22</i></b>		<b>Gross</b>	<b>\$252,384,100</b>	<b>(\$1,095,800)</b>
Reduces programs to make permanent reductions in Department's operating budget. Reductions in FY 2001-02 were realized through the use of residual Recreation Bond revenue for debt service on 1988 Quality of Life Bonds (Department of Treasury).		Private	1,793,700	0
		Federal	30,427,300	0
		Restricted	176,338,800	0
		GF/GP	\$43,824,300	(\$1,095,600)
<b>3.   <i>Marine Safety Grants</i></b>		<b>Gross</b>	<b>\$3,230,000</b>	<b>(\$425,000)</b>
Reduces Marine Safety grant funds. These grants are provided to county sheriffs to partially support the cost of enforcing watercraft laws. Annual revenue to the Marine Safety Fund is not sufficient to cover the traditional funding level of the program.		Restricted	3,230,000	(425,000)

**NATURAL RESOURCES**

<b><u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u></b>		<b>FY 2002-03 YTD (as of 3/6/03)</b>	<b>Enacted Change from YTD</b>
<b>ONE-TIME PROGRAMS AND FUNDING ADJUSTMENTS</b>			
<b>4. Federal Land and Water Conservation Fund Grants</b>	<b>Gross</b>	<b>\$4,134,000</b>	<b>(\$3,933,000)</b>
Reduces funding level for this grant program to \$1,000; \$200,000 appropriation for administrative costs will continue. Federal allocation for Michigan projects has not been established for FY 2003-04.	Federal	4,134,000	(3,933,000)
<b>5. Treaty Waters and Natural Rivers Program Funding</b>	<b>Gross</b>	<b>\$0</b>	<b>\$204,000</b>
Provides Game and Fish Protection funds to replace GF/GP reduced in FY 2002-03.	Restricted	0	204,000
<b>6. Federal Grant for Emerald Ash Borer Eradication</b>	<b>Gross</b>	<b>\$0</b>	<b>\$3,500,000</b>
Includes federal grant to cover DNR obligations under the statewide strategy to deal with Emerald Ash Borer infestation in Southeast Michigan.	Federal	0	3,500,000
<b>7. Land Sale Fund Elimination</b>	<b>Gross</b>	<b>\$1,781,200</b>	<b>(\$1,781,200)</b>
Eliminates funding in FY 2003-04. The Land Sale Fund was declared unconstitutional in 2003.	Restricted	1,781,200	(1,781,200)
<b>PROGRAM EXPANSIONS AND FUNDING INCREASES</b>			
<b>8. Snowmobile Grants</b>	<b>Gross</b>	<b>\$5,480,000</b>	<b>\$1,000,000</b>
Increases the grant amount available for local snowmobile trail contracts.	Restricted	5,480,000	1,000,000
<b>9. Fish Production Federal Grant Increase</b>	<b>Gross</b>	<b>\$24,322,400</b>	<b>\$900,000</b>
Increases the grant level for fisheries programs from the US Department of Interior.	Federal	6,699,400	900,000
	Private	22,300	0
	Restricted	17,396,700	0
	GF/GP	\$204,000	\$0
<b>10. Marine Safety Training Grants</b>	<b>Gross</b>	<b>\$26,770,300</b>	<b>\$0</b>
Makes additional federal funds available for watercraft safety programs. This increase replaces GF/GP support.	Federal	2,001,200	400,000
	Restricted	20,611,800	0
	GF/GP	\$4,157,300	(\$400,000)
<b>11. Rural Community Fire Protection Grants</b>	<b>Gross</b>	<b>\$100,000</b>	<b>\$150,000</b>
Makes additional federal funds available for local fire departments.	Federal	100,000	150,000
<b>12. Off Road Vehicle Safety Training</b>	<b>Gross</b>	<b>\$0</b>	<b>\$344,300</b>
Transfers the ORV safety education program from the Department of Education.	Restricted	0	344,300
<b>FEE INCREASES AND OTHER ADJUSTMENTS</b>			
<b>13. State Park Funding Adjustments</b>	<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
Increases Motor Vehicle Permits from \$20 to \$24; increases Daily Permit fees from \$4 to \$6; increases Park Endowment Fund support by \$6.0 million.	Restricted	0	8,546,900
	GF/GP	\$0	(\$8,546,900)
<b>14. Park Improvement Fund Debt Service Payments</b>	<b>Gross</b>	<b>\$1,200,000</b>	<b>(\$133,100)</b>
Accommodates reduced debt service requirement for bonds sold for improvements at Sterling State Park.	Restricted	1,200,000	(133,100)

**Major Boilerplate Changes from FY 2002-03:**

***Sec. 207. DIT User Fees – NEW***

Adds requirement for each department to pay a user fee to the Department of Information Technology.

***Sec. 403. Land Transfer Application and Transaction Fees – NEW***

Authorizes the Department to collect fees to cover costs related to the sale or exchange of state land.

***Sec. 1201. Fish and Wildlife Audit Settlement – NEW***

Authorizes \$556,000 to cover audit report exceptions identified in the advisory report dated October 11, 2002.